

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0508-01  
Bill No.: HB 274  
Subject: Children and Minors; Health Care  
Type: Original  
Date: February 11, 2013

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Bill Summary: This proposal establishes Chloe's Law which requires the newborn screening requirements to include critical congenital heart disease screening.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$106,436)	(\$68,669)	(\$69,593)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$106,436)</b>	<b>(\$68,669)</b>	<b>(\$69,593)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Insurance Dedicated	Up to \$5,000	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$5,000</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	1	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>1</b>	<b>1</b>	<b>1</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provide the following information:

#### Division of Community and Public Health

The DHSS assumes that tracking and follow-up of this screening procedure is required to be performed by the department as a result of placing the proposed legislation in Section 191.331, RSMo, which deals with newborn screening requirements.

Based on an estimated incidence of critical congenital heart disease of 170 per 100,000 live births, it is anticipated there would be approximately 134 infants per year in Missouri who would have critical congenital heart disease (17 per 10,000 births with congenital heart disease X 79,000 births per year in Missouri = 134). There may be several thousand repeats that would be submitted, but a reasonable estimate cannot be given because of unfamiliarity and lack of information concerning this proposed screening. The source of the estimate on the incidence of congenital heart defects is the magazine *Pediatrics*; Volume 118, Number 4 October 2006: e1250 – e1256. *Report of the Tennessee Task Force on Screening Newborn Infants for Critical Congenital Heart Disease.*

A Health Program Representative II would be needed to track and follow-up on those infants who have had an abnormal pulse oximetry result to ensure they are entered into a system of health care. The job duties will consist of:

- informing hospitals of the legislation;
- training hospital personnel on how to report and complete the newborn screening form that pertains to documenting pulse oximetry results;
- following up on abnormal pulse oximetry results to ensure that the newborn has been treated and is in a system of health care;
- developing program rules that designate how the hospitals are to report results and what results are to be reported;
- developing informational materials for hospitals to give to parents explaining the need for the screen and how the screening is done;
- mailing out program evaluations to parents for their input on how to improve the program;
- recruiting a pediatric cardiologist to become a member of the Newborn Screening Standing Committee;
- collecting data from screening and reporting this information to the newborn screening committee;

ASSUMPTION (continued)

- working with Office of Administration, Information Technology Services Division (ITSD) staff to add pulse oximetry screening results and diagnosis, tracking, and follow-up elements to the MOHSAIC data system; and
- running monthly reports to find those newborns that did not have a pulse oximetry screen completed so the family can be contacted and have them return for the screen.

It is estimated the cost for printing educational materials for hospitals and parents regarding the screening will be \$0.06 per form. The DHSS assumes 100,000 will be ordered printed the first year at a cost of \$6,000 ( $\$0.06 \times 100,000$ ). This will be an ongoing cost.

Adding this screening to the existing newborn screening requirements will require the State Public Health Laboratory, Newborn Screening Unit to revise the newborn screening form. Revision of the existing form should not have a fiscal impact.

Office of Administration, Information Technology Services Division (ITSD)

ITSD will need to make changes to the existing data system that captures newborn screening information to expand the newborn screening requirements to include pulse oximetry screening results. IT Consultants would be needed to provide high-level database and programming skills for the application (520 hours x \$85.00 per hour, which is consistent with existing statewide IT Consulting contract). This results in an estimated \$44,200 cost for the first year. No costs are anticipated for succeeding years.

Funding for the Program

Section 191.331, RSMo, requires the newborn screening fee only to support the testing that is performed in any of the DHSS laboratories. The test in this legislation will be performed by the hospital staff, and therefore, is unable to be supported by the newborn screening fee. Currently, DHSS charges a fee to hospitals for specimen collection forms to recoup costs for testing and administering the Newborn Screening Program. However, due to the fact that screening for critical congenital heart defects is not a disorder that can be screened for via bloodspot, the fee cannot be raised to accommodate for this type of screening. All funds for the screening of critical congenital heart defects must come from General Revenue.

The DHSS assumes FY 14 costs to the General Revenue Fund of \$108,968; FY 15 costs of \$71,437; and FY 16 costs of \$72,430.

ASSUMPTION (continued)

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state if the Department of Health and Senior Services (DHSS) designates pulse oximetry screenings to be added to the list of mandatory screenings for newborns, there would be no fiscal impact to the MCHCP as a pulse oximetry screening is routinely performed prior to a newborn's discharge from the hospital and is included as part of the reimbursement paid to the provider.

However, if the DHSS designates the standard tool for diagnosing congenital heart disease in a newborn to be an echocardiography, the fiscal impact to the MCHCP would be approximately \$461,450 annually. The average allowable charge for this procedure in the Missouri marketplace is \$550, but prices could vary depending on the provider and the contracted rates. Over a three-year period, the MCHCP subscribers delivered an average of 839 newborns per year ( $839 \times \$550 = \$461,450$ ).

MCHCP cannot estimate the fiscal impact for other tests that may be designated by the DHSS for diagnosing congenital heart disease in a newborn as there is insufficient information regarding what other potential tests may be available for this purpose.

Therefore, MCHCP is ranging the annual fiscal impact of this proposal from \$0 to unknown, exceeding \$100,000.

**Oversight** notes in DHSS' response, its plan to designate the pulse oximetry screening test as the mandatory test to screen newborns for congenital heart disease. Therefore, Oversight will not range MCHCP's costs and assumes the proposal will have no fiscal impact on the MCHCP.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a

ASSUMPTION (continued)

certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state this legislation requires the Department of Health and Senior Services (DHSS) to add critical congenital heart disease screening to the current newborn screening requirements.

DSS-MHD officials contacted DHSS and were informed the newborn screening test that would be selected to fulfill the requirements of this proposal would be the pulse oximetry test. MHD's response is based on pulse oximetry being the test selected by the DHSS to screen newborns for congenital heart disease.

Pulse oximetry is a non-invasive test that monitors the oxygenation levels in a patient's hemoglobin. For infants, the test is usually done by placing a sensor on the infant's foot. This is a test that is routinely given prior to discharge from the hospital. The cost for the test is part of the per diem paid to the hospital. Therefore, there will be no fiscal impact to the Hospital or Physician programs due to this provision.

Normally, the MHD is billed by the state lab for the laboratory portion of newborn screenings and pays the federal portion of the cost while the DHSS pays for the general revenue portion.

While the DHSS will increase the cost of the newborn screening by \$1.50 to cover the cost of the pulse oximetry, the pulse oximetry is not considered part of the laboratory portion of the screening; therefore, the state lab will not bill MHD for it.

There will not be a fiscal impact to the MHD for this legislation.

Officials from the **Missouri Department of Transportation**, the **Missouri Department of Conservation** and **Barton County Memorial Hospital** assume the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation Employee Benefits Section for response regarding the potential fiscal impact of this proposal on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**GENERAL REVENUE FUND**

<u>Cost - DHSS</u>			
Personal service	(\$28,410)	(\$34,433)	(\$34,777)
Fringe benefits	(\$15,040)	(\$18,229)	(\$18,411)
Equipment and expense	(\$62,986)	(\$16,007)	(\$16,405)
<u>Total Cost - DHSS</u>	<u>(\$106,436)</u>	<u>(\$68,669)</u>	<u>(\$69,593)</u>
FTE Change - DHSS	1 FTE	1 FTE	1 FTE

**ESTIMATED NET EFFECT ON THE  
GENERAL REVENUE FUND**

<u>(\$106,436)</u>	<u>(\$68,669)</u>	<u>(\$69,593)</u>
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Estimated Net FTE Change for the General Revenue Fund	1 FTE	1 FTE	1 FTE
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**INSURANCE DEDICATED FUND**

<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>

**ESTIMATED NET EFFECT ON THE  
INSURANCE DEDICATED FUND**

<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

If birthing hospitals and birthing centers are small businesses, the legislation will require them to have a pulse oximter to screen infants for low oxygen levels.

### FISCAL DESCRIPTION

This proposal establishes Chloe's Law. The proposal requires the Department of Health and Senior Services to expand, by January 1, 2014, the newborn screening requirements to include a critical congenital heart disease screening, using a test approved by the department, prior to the newborn being discharged from a health care facility.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Insurance, Financial Institutions,  
and Professional Registration  
Department of Health and Senior Services  
Department of Social Services -  
MO HealthNet Division  
Missouri Department of Transportation  
Department of Public Safety -  
Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Joint Committee on Administrative Rules  
Missouri Department of Conservation  
Office of Secretary of State  
Barton County Memorial Hospital



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